



**The world we have made as a result of the
level of thinking we have done thus far
creates problems we cannot solve
at the same level of thinking
at which we created them.**

- Albert Einstein

Zero Trends: Health as a Serious Economic Strategy

**THE UNIVERSITY OF
MICHIGAN
HEALTH MANAGEMENT
RESEARCH CENTER**



UM-HMRC Corporate Consortium

- ✓ Ford
- ✓ Delphi
- ✓ Kellogg
- ✓ US Steel
- ✓ We Energies
- ✓ JPMorgan Chase
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- ✓ Southern Company
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- ✓ Florida Power and Light
- ✓ St Luke's Health System
- ✓ Allegiance Health System
- ✓ Cuyahoga Community College
- ✓ United Auto Workers-General Motors
- ✓ Wisconsin Education Association Trust
- ✓ Australian Health Management Corporation

- Steelcase (H)
- ✓ General Motors
- ✓ Progressive (H)
- ✓ Crown Equipment
- ✓ Affinity Health System
- ✓ SW MI Healthcare Coalition (H)

*The consortium members provide health care insurance for over two million Americans. Data are available from three to 20 years.

Meet on First Wednesday of each December in Ann Arbor



Zero Trends

Wellness at the Workplace
28th Annual Conference
March 18, 2009

Mission: Change the Strategy for Health and Disability
from a Health Strategy to a Business Strategy:

Natural Flow: High Risks and Costs in Americans 5

Business Case: Health as an Economic Strategy 5

Solutions: Five Pillars to Support a Culture of Health 30



Mission

**Change the Strategies for Health
and Disability to**

**A Serious Business or Economic
Strategy**



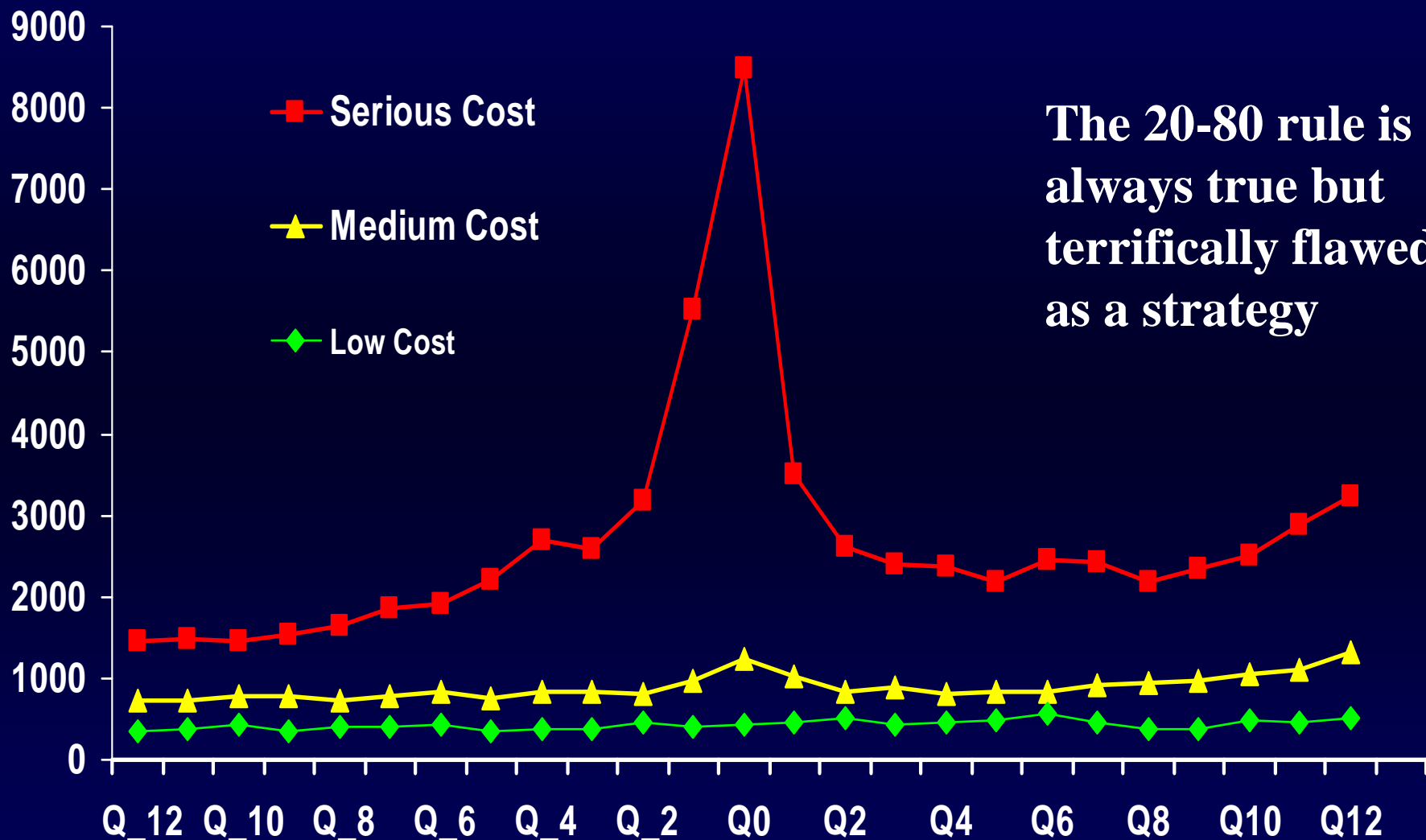
Section I

The Current Healthcare Strategy

Wait for Sickness and then Treat

(...in Quality terms this strategy translates into **“wait for defects and then fix the defects”** ...)

Total Medical and Pharmacy Costs Paid by Quarter for Three Groups



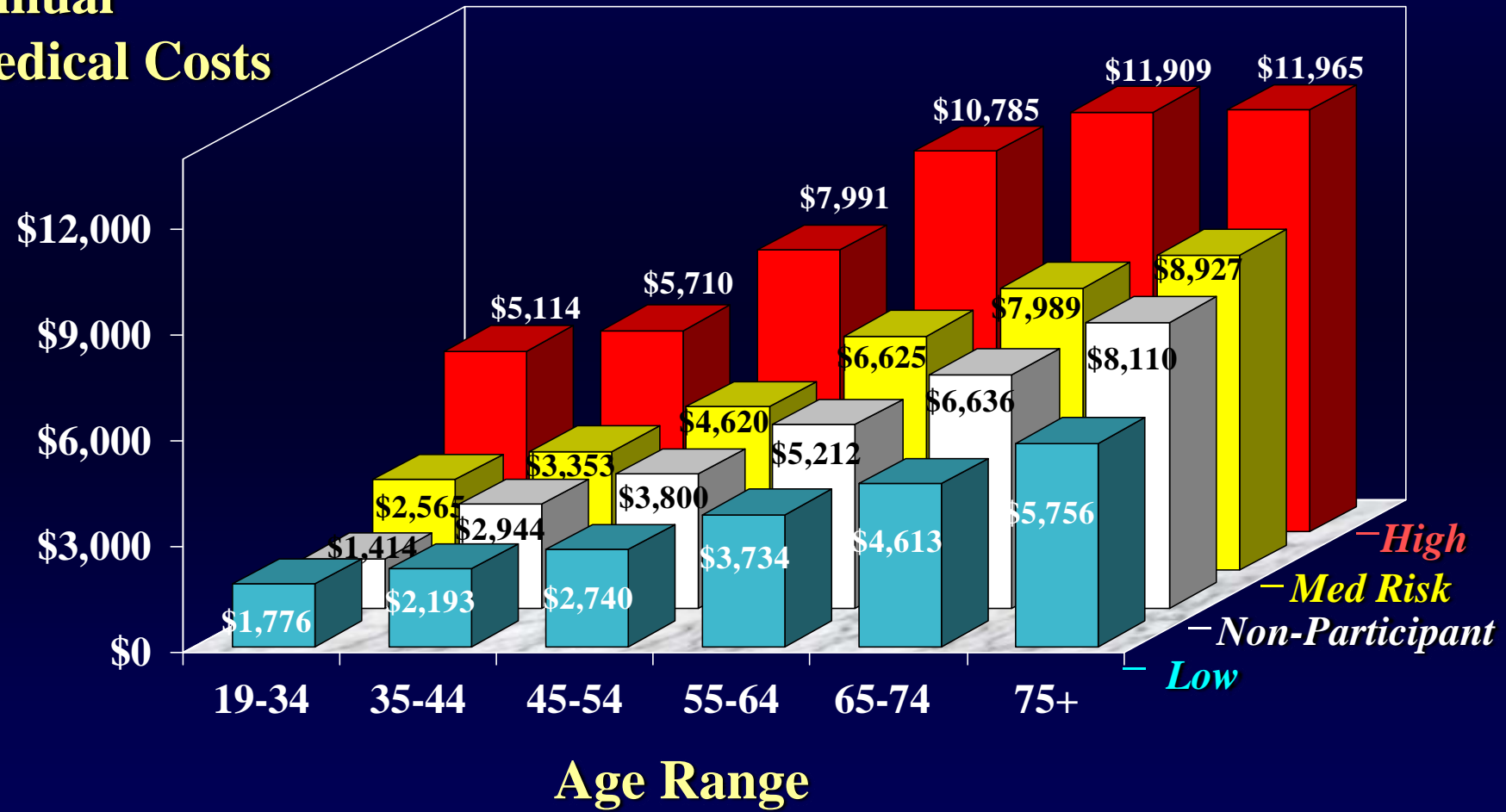
The 20-80 rule is always true but terrifically flawed as a strategy



Costs Associated with Risks

Medical Paid Amount x Age x Risk

Annual
Medical Costs





Section II

**Build the Business Case for the
Health as a Serious Economic
Strategy**

**Engage the Total Population to get
to the Total Value of Health**

**Complex Systems (Synergy and
Emergence) versus Reductionism (Etiology)**



Business Concept

Change in Costs

follow

“Don’t Get Worse”



Estimated Health Risks

Health Risk Measure

High Risk

Body Weight	41.8%
Stress	31.8%
Safety Belt Usage	28.6%
Physical Activity	23.3%
Blood Pressure	22.8%
Life Satisfaction	22.4%
Smoking	14.4%
Perception of Health	13.7%
Illness Days	10.9%
Existing Medical Problem	9.2%
Cholesterol	8.3%
Alcohol	2.9%
Zero Risk	14.0%

**From the UM-
HMRC Medical
Economics Report**

**Estimates based on
the age-gender
distribution of a
specific corporate
employee population**

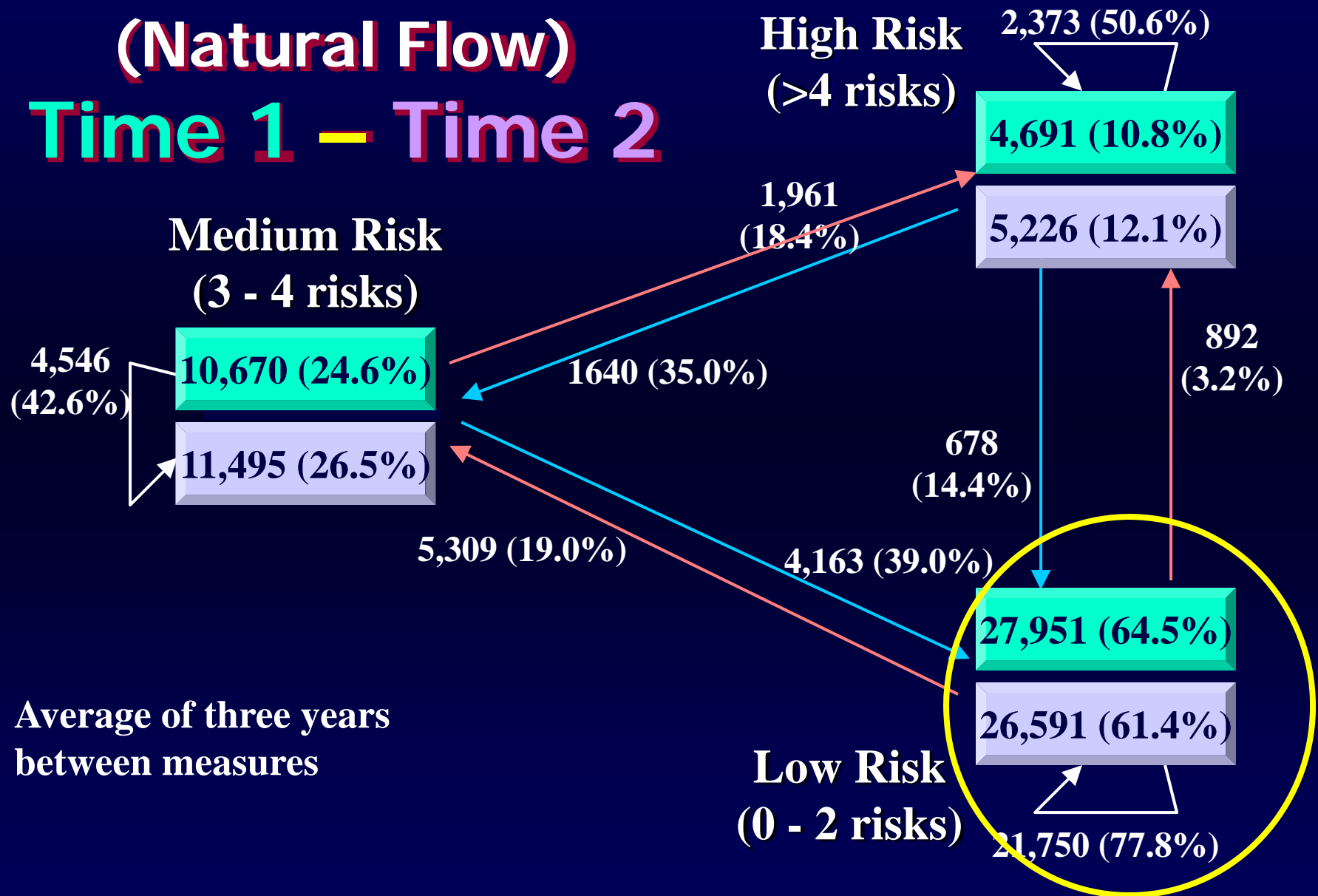
OVERALL RISK LEVELS

Low Risk	55.3%
Medium Risk	27.7%
High Risk	17.0%

Risk Transitions

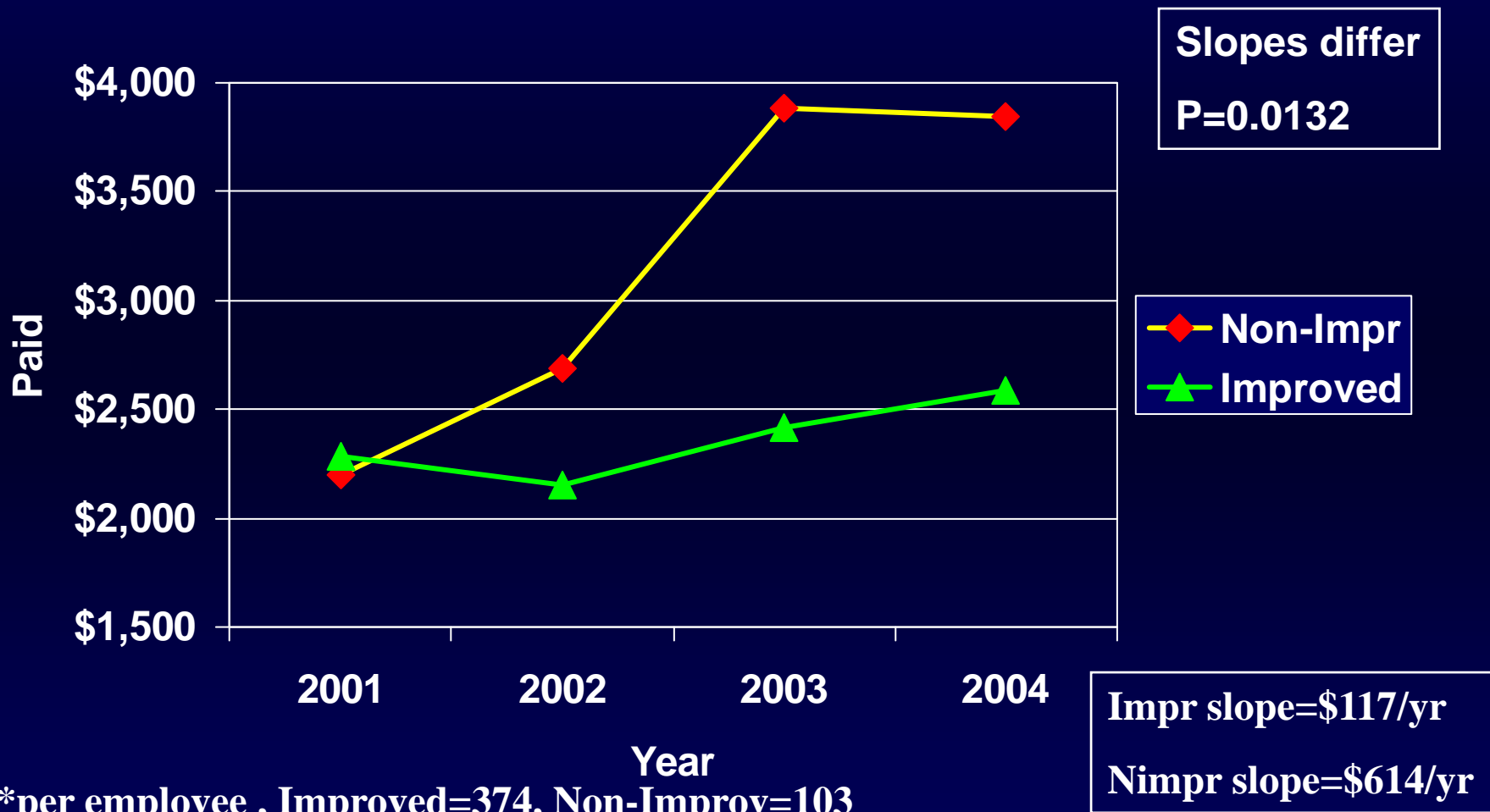
(Natural Flow)

Time 1 – Time 2





Medical and Drug Cost (Paid)*

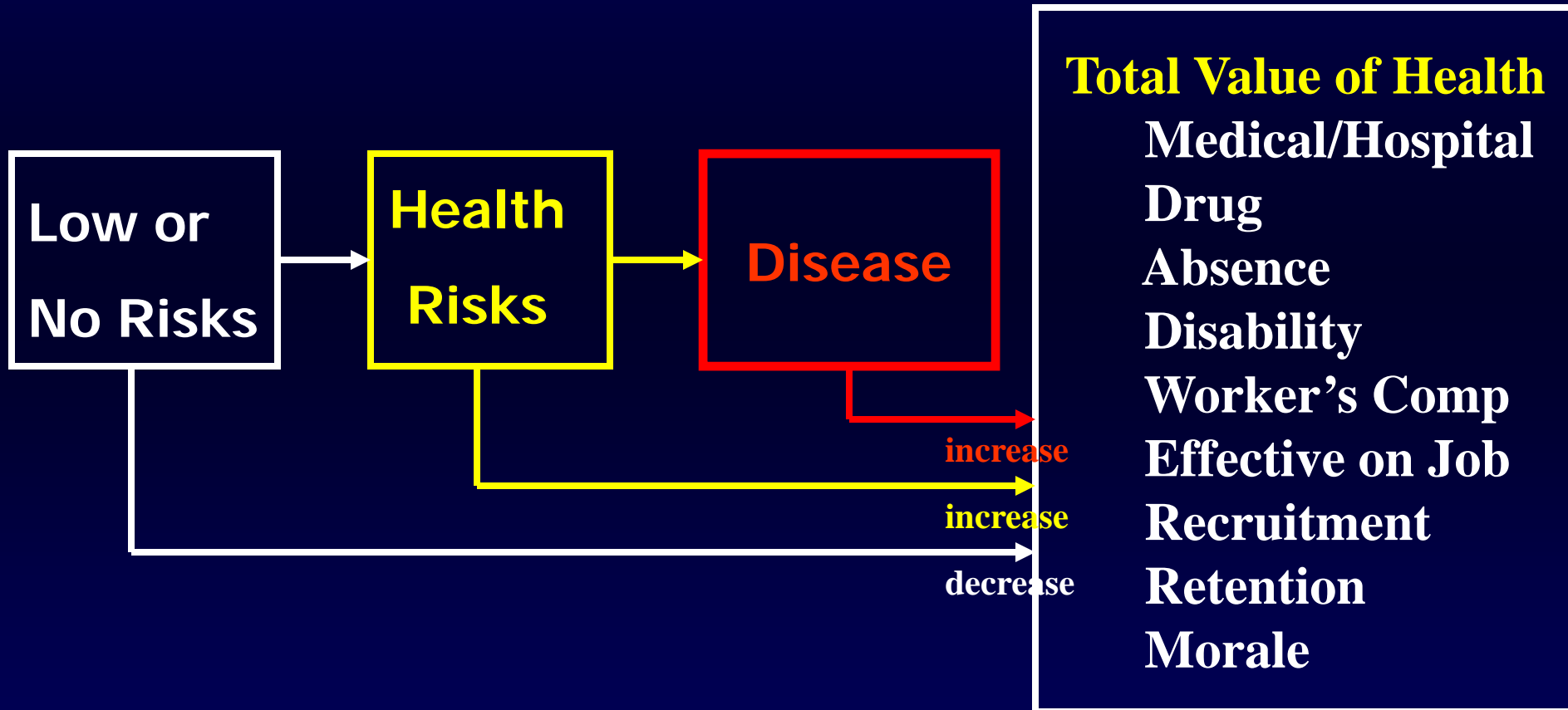


*per employee , Improved=374, Non-Improv=103
HRA in 2002 and 2004

Improved=Same or lowered risks

*Medical and Drug, not adjusted for inflation

The Economics of Total Population Engagement and Total Value of Health



Where is the Investment?



Section III

The Evidence-Based Solution:

Integrate Health into the Culture

(...in Quality terms this strategy translates into **"...fix the systems that lead to the defects" ...**)



Health Benefit Plan Design



Medical and Drug Costs only

M Integrate Health into the Culture

**Healthier
Person**

**Better
Employee**

**Gains for The
Organization**

**Lifestyle
Change**

**Health
Management
Programs**

Company Culture
Senior Leadership
Operations Leadership
Self-Leadership
Reward Positive Actions
Quality Assurance

1. Health Status
2. Life Expectancy
3. Disease Care Costs
4. Health Care Costs
5. Productivity
 - a. Absence
 - b. Disability
 - c. Worker's Compensation
 - d. Presenteeism
 - e. Quality Multiplier
6. Recruitment/Retention
7. Company Visibility
8. Social Responsibility



First Fundamental Pillar

**Senior
Leadership**

Create the Vision

- **Commitment to healthy culture**
- **Connect vision to business strategy**
- **Engage all leadership in vision**

Vision from the Senior Leadership

- **Clear Vision within Leadership**
- **Vision Connected with Company Strategy**
- **Vision Shared with Employees**
- **Accountability and Responsibility Assigned to Operations Leadership**
- **Management and Leadership of the Company and Unions transition to the Cheerleaders**



Second Fundamental Pillar

**Operations
Leadership**

**Align Workplace
with the Vision**

- **Brand health management strategies**
- **Integrate policies into health culture**
- **Engage everyone**



Environment Interventions

- **Mission and Values Aligned with a Healthy and Productive Culture**
- **Policies and Procedures Aligned with Healthy and Productive Culture**
 - Vending Machines
 - Cafeteria
 - Stairwells
 - Job Design
 - Flexible Working Hours
 - Smoking Policies
- **Benefit Design Aligned with a Healthy and Productive Culture**
- **Management and Employees prepared to integrate health into the company culture (small group meetings, shared vision, expectations,...)**



Third Fundamental Pillar

**Self
Leadership**

Create Winners

- **Help employees not get worse**
- **Help healthy people stay healthy**
- **Provide improvement maintenance resources**



Individual Strategy for Engagement

Health Risk Appraisal

Plus

Biometrics Screening and Counseling

Plus

Contact a Health Advocate

Plus

Two Other Activities



Population-Based Resources

Weight Management

Physical Activity

Stress Management

Safety Belt Use

Smoking cessation

Nutrition Education

Disease Management

On-Line Information

Nurse Line

Newsletters

Behavioral Health & EAP

Pharmacy Management

Case Management

Absence Management

Disability Management

Business Specific Modules

Career development

Communications

Financial Management

Social/Information Networks

Clinic or Medical Center

Ergonomics

Vision

Dental

Hearing

Chiropractic

Complementary Care

Integrative Medicine

Physical Therapy



Fourth Fundamental Pillar

**Reward
Behaviors**

**Reinforce the
Culture of Health**

- **Reward champions**
- **Set incentives for healthy choices**
- **Reinforce at every touch point**



Positive Re-Enforcement

Culture reminders (Managers, Leaders,...)

Cash, debit cards (\$25 to \$200)

Benefit Design (HSA contributions)

Hats and T-Shirts

Population programs

Surprise events

Decorate stairwells

Special cafeteria/vending offerings

Organizational rewards (Departments...)



Fifth Fundamental Pillar

**Quality
Assurance**

**Allow Outcomes to
Drive the Strategy**

- **Integrate all resources**
- **Measure outcomes**
- **Make it sustainable**



Measurement Scorecard

Percent Engagement:

85% to 95%

HRA + Screening/counseling + Coaching + Two other sessions

Percent Low-Risk:

75% to 85%

Percent of Total Eligible

Proof of Concept

Change in Risk Levels beats the Natural Flow

Change in Cost Levels beats the Natural Flow

Year over Year Trends Approach Zero Percent

Improved/no change Separate from Not Improved



Four Levels of Company Engagement

1. Do-Nothing
2. Level One (focus on high risk)
3. Level Two (Comprehensive)
4. Champion Company (add Culture)

Program Rating: Engagement per Pillar

**Engagement
Levels of the
Health
Management
Program**

**3-Champion
2-Comprehensive
1-Traditional
0-Do Nothing**

3					
2					
1					
0					
	1	2	3	4	5

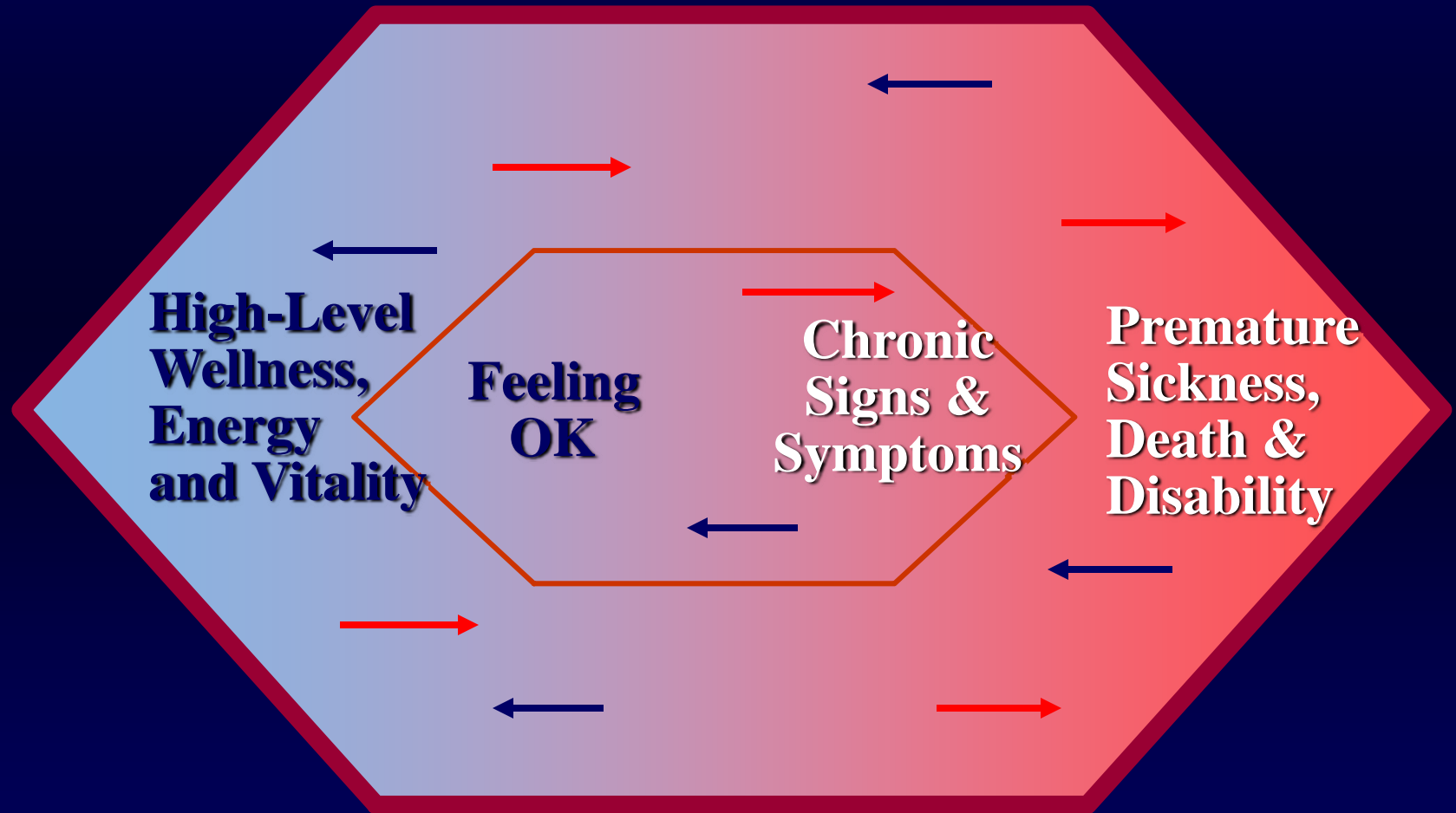
Five Pillars of Health Management

- 1-Senior Leadership**
- 2-Operations Leadership,**
- 3-Self-Leadership,**
- 4-Rewards for Positive Actions,**
- 5-Quality Assurance**



Summary

Lifestyle Scale for Individuals and Populations: Self-Leaders





The Challenge

Expand the Health Status Strategy

**from a singular focus on
Sickness and Precursors to Disease**

**to include a focus on
Wellness and Precursors to Health**



Sound Bites

1. The **“Do Nothing”** strategy is unsustainable.
2. Refocus the definition of health from **“Absence of Disease to High Level Vitality.”**
3. **“Total Population Management”** is the effective healthcare strategy and to capture the **“Total Value of Health”**
4. The business case for Health Management indicates that the critical strategy is to **“Keep the Healthy People Healthy”** (“keep the low-risk people low-risk”).
5. The first step is, **“Don’t Get Worse”** and then **“Let’s Create Winners, One Step at a Time.”**



What's the Point?



Thank you for your attention.

Please contact us if you have any questions.

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